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**THE DIRECTOR OF CENTRAL INTELLIGENCE**

WASHINGTON, D.C. 20505

**National Intelligence Council**

DDI #7544-82  
17 September 1982

**MEMORANDUM FOR THE RECORD**

**SUBJECT: SIG-IEP Meeting, 16 September 1982, on Pipeline Issues**

1. The meeting was chaired by Secretary Regan; also attending were Secretaries Shultz, Weinberger, Baldrige and Block, Ambassador Brock, Robert McFarlane, and Roger Porter. I accompanied the DCI.
2. Secretary Shultz gave about a 45-minute presentation on broad US policy objectives vis-a-vis the USSR, the principles of our policy on East-West trade, and the requirements for arriving at a consensus with our allies on this subject. He made it clear that he was speaking for the President, with whom he had discussed these matters in some depth.
3. The main objective of our policy on Western trade with the USSR is not to eliminate this trade, from which both sides gain, but rather to shift the balance of advantage more in our favor. At the same time, we want to help constrain Soviet economic choices so long as their behavior continues to be seriously inimical to US interests. We cannot expect much direct leverage on Soviet policies, but can hope that a consistent US policy will eventually give Moscow added reasons to improve its behavior.
4. The main criteria to consider in deciding what kinds of limits we should try to place in our economic relations with the USSR are: the impact of Western measures on the Soviet economy; the acceptability of these measures to our allies, whose support we need to have much impact; and the sustainability of these measures in the longer term. Secretary Shultz said he believes the measures most acceptable to our allies were restrictions on credits and improvements in COCOM. It would be difficult to get agreement on export controls on oil and gas equipment; we would probably have to be very selective. There would probably be agreement in principle on the desirability of finding alternative energy sources, but there are also many complex problems.
5. Secretary Shultz reported that, although both we and our allies feel the need to try to examine the broader picture of East-West economic relations, there were no negotiations planned. He expects to discuss these issues informally and bilaterally in the periphery of the UNGA session, but does not have a clear idea where this will lead. In any event there will

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be a feeling out process, so that highly detailed proposals at this point are counterproductive.

6. Secretary Baldrige reported that the US denial actions were having a major impact on several firms, including some US firms. Some of these effects were not intended; some were intended but involve severe hardships. There will be an IG meeting on some of the more immediate and difficult cases.

7. DCI Casey briefed the SIG on the forthcoming SNIE, The Soviet Gas Pipeline in Perspective, emphasizing the estimated impact of possible measures on the Soviets. He pointed out that these estimates complemented the assessment of allied acceptability, which Secretary Shultz had provided. He promised to make the SNIE available to the members of the SIG.

8. The SIG approved Secretary Shultz' approach. A paper will be written by the NSC staff, in preparation for an NSC meeting on this topic.

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was produced:



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